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SUBJECT: SENIOR DUTCH TRADE OFFICIAL DISCUSSES WTO DOHA
ROUND

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SENSITIVE BUT UNCLASSIFIED; PLEASE HANDLE ACCORDINGLY

11. (SBU) SUMMARY: A senior Dutch trade official recently told CDA March 27 that the Dutch are committed to clinching a Doha Round deal. However, intra-EU disagreement and entrenched agriculture interests may prevent a breakthrough. The Dutch are reluctant to pressure other EU member states to back down on geographic indicators, but say greater U.S. pressure on services could give them more political maneuverability. END SUMMARY.

DUTCH WANT DEAL, STRUGGLING TO CONVINCE OTHERS IN EU

12. (SBU) In a March 27 meeting with CDA, Roderick van Schreven, Director-General for Foreign Economic Relations, Ministry of Economic Affairs (E equivalent), discussed the current Dutch perspective on the WTO Doha Round. He said the big question for the Netherlands is whether the U.S. is "willing and able to clinch a deal." He described a split within the EU between an optimistic camp willing to take the risk that the U.S., with the right modalities package, can get trade promotion authority from Congress and a mistrustful camp that says the U.S. will use Congress as an excuse during negotiations. (Note: The Netherlands stands squarely in the former camp. End note.) Van Schreven said the Netherlands realized the need to convince EU agriculture ministers that the cost of failing to clinch a Doha Round deal is too great. He added that doing this is difficult because trust in EU Trade Commissioner Peter Mandelson "has vanished."

13. (SBU) Van Schreven said that Dutch trade policy formulation is currently dominated by what he termed the "trade and ..." theme -- meaning trade and environment, trade and human rights, trade and sustainable development. He noted that it was difficult to explain to Dutch parliamentarians that these "trade and ..." issues are not covered in the Doha Round, but will be dealt with later.

DUTCH UNWILLING TO STICK NECK OUT ON GIS

14. (SBU) Van Schreven said that geographic indicators (GIs) are the key issue in the EU 133 Trade Committee, a "must have" for countries such as Italy, Spain, and Portugal. Despite USG pressure on the Dutch to push back on GIs within the EU, van Schreven said the GONL is unwilling to do so because they will "get sat on by 12 to 14 member states." Separately, Foreign Ministry trade officials told Econoffs that the Dutch want the U.S. to lead the push for greater concessions in services, which would free up political capital for them to push harder on GIs.

15. (SBU) Regarding further agriculture concessions, van Schreven said the Dutch are insisting that all 27 EU member states share the cost equally and that all agriculture sectors (e.g., dairy, pork, poultry) give up their fair share. He said the Dutch oppose any scenario where only the "flexible countries" make concessions, thereby "letting France and Poland off the hook."

DUTCH AG LOBBYISTS MORE ACTIVE AS DOHA NEARS END GAME

16. (SBU) In a separate meeting with Econoffs, Pauline Diepenbroek (Foreign Ministry trade official) described the rising political tension within the Dutch government over the Doha Round. Diepenbroek attributed this tension to the "known costs of agriculture concessions" relative to the "unknown gains in services." She said that lobbying activity is heating up in the Netherlands as domestic industries -- particularly in agriculture -- sense that Doha Round negotiations are entering a decisive phase. For example, the domestic egg industry is seeking special treatment because its hens have better animal welfare standards (e.g., larger cages) than other countries, resulting in eggs with higher production costs.

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Gallagher